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1. (1a) SOVIET ECONOMIC PENETRATION: Peking announced in numeral code (Aug. 23) that the Sino-Soviet Aviation Company would start regular flights from Tihua to Kashgar, via Akosu, as of Sept. 1.

Peking reported in numeral code (Aug. 17) that 37 workers from Anshan had completed their Soviet training and had been assigned to the "Ankang" steel forging plant. Peking said (Aug. 18) that 90 percent of the plans drawn up by Soviet specialists had been carried out in the construction of the Harbin factory for making measuring and cutting equipment. Peking added (Aug. 22) that Soviet machinery had been installed in the new Northeast China Paper Mill at Chiamussu.

2. (1b) SINO-SOVIET FRIENDSHIP: Peking reported in numeral code (Aug. 22) that a Hungarian art exhibit was being held in Shanghai, and that Rumanian films with Chinese subtitles were being shown in Peking. Peking said (Aug. 23) that the All-China Democratic Women's Federation had enrolled as a group in the Sino-Soviet Friendship Association, (SSFA), in order to promote Sino-Soviet friendship.

3. (1c) SOVIET LEADERSHIP: Ningpo asserted (Aug. 18) that the capitalist press in such countries as America, Britain, India, and Pakistan had welcomed Malenkov's peace policy. Ningpo (Aug. 18) also quoted Malenkov as saying that the great success of the heavy industry program now made it possible to devote more attention to the production of consumer goods in the USSR.

Sian stated (Aug. 22) that Stalin had thwarted American efforts to threaten the peace-loving peoples of the world with the A-bomb, and now Malenkov had countered American H-bomb threats by announcing Soviet possession of the bomb and pledging its use for the protection of peaceful peoples against aggression. The USSR supports disarmament and international control of such weapons as the atom bomb.

4. (1c) SOVIET TECHNICAL GUIDANCE: Peking asserted in numeral code (Aug. 18) that the Shanghai State Electric Wire Company had adopted 15 Soviet standards, in order to save much material and produce better goods. Peking stated (Aug. 20) that the Northeast Pneumatic Equipment Company had made 800 Soviet-type pneumatic drills that were cheaper and better than the Japanese types. Peking announced (Aug. 22) that the Health Ministry was sponsoring lectures on Pavlov's theories of the nervous system.

Peking said in numeral code (Aug. 20) that Honan was producing a bumper cotton crop this year because farmers had adopted progressive Soviet cotton-growing methods. Tihua (Aug. 17) that Sinkiang farmers were harvesting wheat grown from Ukrainian seed.

5. (2a) MILITARY BURDENS: Peking reported in numeral code (Aug. 22) that Chinese People's Volunteers in Korea were helping catch insects to save Korean food crops. Ningpo said (Aug. 23) that 20 local yarn factory workers had promised to increase production to help the volunteer corps (CPV) in its vigilant stand against American-Rhee plots.

Chungking (Aug. 21) urged People's Liberation Army (PLA) men to achieve merit in training to help defend the fatherland, and added that compulsory military training would be enforced. Sian reported (Aug. 17) that 86 percent of the children of Shansi army men and martyrs were in school, and that they made up 57 percent of all school pupils.

6. (2c) ECONOMIC DIFFICULTIES: Peking in numeral code (Aug. 18) reported plans in Hunan for quick movement of grain and new storage granaries near shipping points. Peking said (Aug. 21) that Hsinghua Hsien mill workers, in Kiangsu, had succeeded in extracting oil from rice hulls rich in vitamin B. Peking reported (Aug. 22) that 30 Peking stores sought to improve their products and service by submitting questionnaires to customers.

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According to Kunming (Aug. 17) doctors in Hsuanwei Hsien, Yunnan, met and considered getting bank loans to solve the shortage of capital and medicines. Peking in numeral code (Aug. 24) reported efforts to improve traffic conditions in Shantung, where rains had washed out roads in 43 places and damaged 222 bridges.

7. (3a) **STRENGTHENING PARTY CONTROL:** Peking announced in numeral code (Aug. 20) that the China Peasants and Workers Party's executive committee had recommended strengthening of national construction, ideological reform, internationalism, and distinction between friend and foe. Lower echelon party members were ordered to support trade unions, the Youth League and the Communist Party, and to educate the masses to "observe the discipline of the State." Party membership was said to have grown quantitatively but not qualitatively. In addition to specialists and technicians, more public officials and teachers should be enrolled.

Sian (Aug. 17) reported completion of Communist Party streamlining in the Northwest, with 95 percent of Party members found qualified, though in some areas "unqualified members" had weakened the Party by growing lax because of the belief that "the revolution is over." Nanking (Aug. 20) announced the dismissal of local Mayor Ko Ching-shi and of the Deputy Mayor.

Peking announced in numeral code (Aug. 19) that the Southwest Party Committee had made political study by rural cadres a major assignment to be completed this year. Tihua reported (Aug. 20) that 296 minority nationals were being trained in Sinkiang to take over autonomous governments, and Peking said (Aug. 20) that the Sinkiang Party Bureau's cadre school graduated 1,400 students on 15 August.

Peking announced in numeral code (Aug. 17) that reorganization of Northeast agricultural and industrial schools would be completed this summer, with some students transferred to other institutions. Peking added (Aug. 19) that the Chungshan and Lingnam medical colleges had been reorganized as the South China Medical College, located in Canton.

Peking stated in numeral code (Aug. 18) that 7,150 Northeast supervisory correspondents were reporting economic unit defects to the supervisory committee. Peking said (Aug. 19) that the Fuel Ministry had called for stronger management and responsibility. Chinchow reported (Aug. 21) that local textile mill workers had been instructed to strengthen labor discipline.

8. (3a) **BASIC CONSTRUCTION:** Peking (Aug. 19) announced surveys under way for the Chongtiao-Kunming railway, to connect with the main line at Neichiang, Szechwan. A new work on pharmaceutical plant would, when completed, provide enough sulfa to treat 20 million patients. Sian announced (Aug. 18) that track had been laid to Huatsing Kiao on the Lanzhou-Sinkiang railway, thus completing 72.1 percent of the year's quota. Peking said (Aug. 23) that a new petroleum city was being built at Laochunmiao, Kansu.

According to Peking in numeral code (Aug. 19) inspection teams had been organized in Hunan to assure completion of basic construction work for the third quarter.

9. (3b) **CONTROL OF RELIGION:** Shanghai reported (Aug. 22) that a French imperialist in the local Sacred Heart Hospital had deceived Catholics by pressing them into the Legion of Mary, while attacking the Resist-America Aid-Korea movement (RAAK), the SSFA, trade unions, and the Youth League. After a successful struggle and accusations by fellow workers, he was arrested and held for trial. Shanghai added (Aug. 22) that Tsingtao and Chungking Catholics expressed support of the Shanghai authorities' drive against Catholic imperialist agents.

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10. (3c) CLASS PRESSURES: Shanghai explained (Aug. 19) that local State printing, dyeing, and textile plants had induced master workmen to sign contracts with apprentices in order to accelerate production. Shanghai added (Aug. 22) that quality of products had been improved by establishment of an approved system of liaison.

Peking (Aug. 20) quoted a JEN MIN JIH PAC editorial urging adjustments in the work systems of factory and mine workers' unions. Peking in numeral code (Aug. 20) quoted a directive admonishing members of the China Peasants and Workers Democratic Party to "accept the leadership of the working class."

Peking reported in numeral code (Aug. 21) that State trading companies now operated in 19 major centers of Inner Mongolia. The 1,414 cooperatives had enrolled 40 percent of the area's population as members, handled 78 percent of the food needs of the populace, and provided markets for farmers and livestock growers. Shanghai said (Aug. 21) that the Local People's Consultative Council warned 1,000 local merchants that tax evasion had become serious, and ordered all businessmen to recheck their records and pay all back taxes.

11. (3e) AGRICULTURAL PROBLEMS Shanghai reported (Aug. 18) that the East China Party Bureau had ordered cadres to consider needs and interests of individual peasants in developing cooperatives and mutual aid teams, and warned them "not to push the organization too far."

According to Changsha (Aug. 20) the HSIN HUNAN JIH PAC criticized liling, Hunan, cadres for preventing farmers from dealing with small merchants. Such transactions, represented by cadres as speculation, actually were necessary to provide farmers with daily necessities.

Peking asserted in numeral code (Aug. 20) that cotton buying cadres were being trained to determine quality in order to assure legitimate profits for growers. Peking reported (Aug. 22) that Hsianan, Hubei, cadres reported better farm yields following the drive against the "five excesses."

Peking said in numeral code (Aug. 20) that the Sinkiang Government had made loans of 4.3 billion yuan to cattlemen to promote grazing. Kunming reported (Aug. 20) that bounties for killing predatory animals had been offered to Yunnan minorities.

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